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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92048271
Party	Plaintiff Rhino Linings USA, Inc.
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of Registration No. 1,698,407
Date of Issue: June 30, 1992

RHINO LININGS USA, INC.,)	
Petitioner,)	
)	
vs.)	Cancellation No. 92048271
)	
RAPID RACK INDUSTRIES, INC.,)	
Applicant.)	
)	

**PETITIONER’S RESPONSE IN OPPOSITION TO MOTION
TO SUSPEND**

NOW COMES Petitioner Rhino Linings USA, Inc. (“Petitioner”), by and through the undersigned counsel, and respectfully submits this Response in Opposition to the Motion to Suspend (Doc. No. 12) filed by Registrant Rapid Rack Industries, Inc. (“Rapid Rack”).

INTRODUCTION

This matter is before the Board on a Motion to Suspend (Rapid Rack’s “Motion” or the “Motion to Suspend”) filed by Rapid Rack nearly a year into the litigation of this cancellation action, at the very end of the discovery period, on the eve of Petitioner filing a motion for summary judgment, and when the testimony period has almost begun. Rapid Rack’s Motion also comes at a time when Rapid Rack faces a motion for sanctions for failing to respond properly to written discovery concerning the abandonment of its RHINO RACK Mark of Registration No. 1,698,407. The Motion to Suspend was also filed only two days before a Rule 30(b)(6) deposition for which Rapid Rack refused to appear and testify on all of the

noticed topics, resulting in Petitioner filing a second motion for sanctions. These circumstances explain why Rapid Rack seeks a suspension that is especially inappropriate in the context of a cancellation proceeding and that is almost never requested by a party in the position of defendant (as Rapid Rack is in this case).

Distilled to its essence, Rapid Rack's Motion to Suspend is a thinly veiled effort to obtain a lengthy, expensive, and unnecessary redo of the present cancellation action in another forum to avoid the consequences of Rapid Rack's multiple violations of this Board's discovery rules and to avoid the consequences of losing this cancellation action because *Rapid Rack has no evidence of use in the relevant time period*. However, there simply is no good cause to delay the present cancellation and to allow Rapid Rack a "get out of jail free" card for its discovery-related misconduct in this proceeding before the Board.

Further, given the state of the evidence, the Board should consider Petitioner's soon-to-be-filed motion for summary judgment and should enter judgment in favor of Petitioner as a matter of law. As this relief would effectively end both the present cancellation and the litigation Rapid Rack recently filed in California, judicial economy and fairness would be well served by proceeding with the present cancellation.

Rapid Rack's delay-related filings are to be distinguished from routine requests to suspend, which generally are made in the early stages of a proceeding before the Board in an effort to prevent duplicative efforts in separate but closely-related proceedings. Rapid Rack's Motion has been filed when this cancellation proceeding is nearing its conclusion, and it is motivated only by Rapid Rack's attempt to evade outcomes that Rapid Rack does not want—sanctions for rules violations and the cancellation of the RHINO RACK Mark—withstanding that Rapid Rack has been unwilling or unable in almost a year to produce any

evidence that it has not abandoned that Mark during the relevant time period. Rapid Rack's hopes of evading sanctions for misconduct and avoiding judgment where it is warranted simply do not constitute proper reasons for further delaying this cancellation proceeding. Accordingly, the Board should deny Rapid Rack's Motion to Suspend.

STATEMENT OF PERTINENT FACTS

- i. This cancellation proceeding has been pending for a year, and even if there is a full-blown trial on the merits, this cancellation will conclude within the next six months.*

The present cancellation proceeding has been pending since October 15, 2007. This action involves claims that Rapid Rack abandoned the RHINO RACK Mark and committed fraud on the Trademark Office in a declaration of use submitted in 2002.

There are seven days remaining in the discovery period.¹ The testimony period for Petitioner begins on December 21, 2008. Rapid Rack's testimony period begins on February 19, 2009. The period for rebuttal testimony closes on April 20, 2009. Thus, as of the date of the filing of this response, there are at most six months remaining in this cancellation action.

- ii. There are already two potentially dispositive motions pending before the Board, and a third is on the way.*

Moreover, it is quite unlikely that the present cancellation will require six additional months. Petitioner has two potentially dispositive motions pending before the Board. The first is the First Motion for Sanctions (Docs. Nos. 9, 12), filed on September 5, 2008, approximately twenty days before the filing of Rapid Rack's Motion to Suspend. The First Motion for Sanctions seeks judgment as a possible sanction for Rapid Rack's failure to provide

¹ In a March 25, 2008 Order, the Board set September 22, 2008 as the close of the discovery period. *See* Docs. Nos. 7-8. On September 15, 2008, the Board entered an Order suspending this action while it considered the Motion to Compel, Motion to Deem Requests for Admissions Admitted, and Motion for Sanctions (the "First Motion for Sanctions"). Unless the Board extends the time to take discovery, then there are only seven days remaining in the discovery period.

accurate responses to written discovery. The second is the Second Motion for Sanctions (Docs. Nos. 17, 18), filed on October 6, 2008, which seeks judgment as a sanction for Rapid Rack's willful refusal to appear and testify at a Rule 30(b)(6) deposition, in violation of the Board's Order of September 15, 2008 (Doc. No. 10).

A third dispositive motion is on the way. Specifically, Petitioner has almost completed a motion for summary judgment, supporting affidavits, and a brief in support of summary judgment, which it anticipates filing before the end of this week. Given that Rapid Rack has not been able to produce any evidence on the core issue in this case—use of the RHINO RACK Mark during the relevant time period—the Board is likely to grant summary judgment in favor of the Petitioner.

iii. Rapid Rack's eleventh-hour federal filing is merely a defensive tactic, which provides no basis for putting off an adjudication of the present cancellation.

a. The timing of Rapid Rack's federal filing is suspect.

Using extensions of time and, ultimately, muddled responses to written discovery, Rapid Rack sought to avoid disclosure of the fact that it abandoned its RHINO RACK Mark during the relevant time period. Rapid Rack then sought to “play out the clock” by refusing to provide a substantive written response to the July 11, 2008 letter from counsel for Petitioner addressing Rapid Rack serious discovery violations. It was only after Petitioner forced a response by filing the First Motion for Sanctions that Rapid Rack decided to resort to its suspension strategy.

In accordance with Trademark Rule 2.127(a), Rapid Rack's response to the First Motion for Sanction was due on or before September 25, 2008. However, rather than preparing and filing a response to the motion, Rapid Rack spent the days just prior to its

response implementing a scheme which it hoped would prevent the Board from acting on its refusals to provide discovery in this proceeding, as follows:

- On September 23, 2008, Rapid Rack filed a complaint in the Central District of California, parroting as a declaratory judgment claim the same issues that are already present in this cancellation. Essentially, Rapid Rack seeks a “do-over” of the present litigation to avoid the consequences of its discovery violations and to avoid the consequences of losing this cancellation because Rapid Rack has *no evidence of use* during the relevant time period.
- On September 24, 2008, Rapid Rack filed a Motion to Suspend the present cancellation, premised solely on the do-over strategy that motivated Rapid Rack to file its September 23 complaint in federal court.
- On September 25, 2008—the deadline for Rapid Rack to Respond to the Combined Motions—Rapid Rack instead filed a motion for extension of time to respond to the Combined Motions. In its filing, Rapid Rack did not even attempt to make the requisite showing of good cause. Instead, Rapid Rack again asserted that its eleventh-hour federal filing should constitute a “get out of jail free card” with respect to all proceedings before the Board.

Rapid Rack’s federal filing and its Motion to Suspend also preceded by only three and two days, respectively, its scheduled Rule 30(b)(6) deposition. Rapid Rack’s Motion for an Extension of Time unequivocally indicated that Rapid Rack was seeking to delay that deposition and delay Rapid Rack’s response to the First Motion for Sanctions.

b. Rapid Rack's federal complaint alleges no claims that will not be resolved by the present cancellation.

Rapid Rack's September 23, 2008 federal complaint purports to allege (1) infringement of the RHINO RACK, based on alleged use of a RHINO STORAGE Mark by Rhino Linings Corporation and/or a non-party to this litigation, RSI Home Products Manufacturing, Inc.; (2) state law unfair competition by the same defendants, which is essentially a derivative theory of the purported infringement claim; and (3) a declaratory judgment claim which essentially seeks to allege a legally invalid "reverse cancellation" action.

The first two claims must fail as a matter of law if the Board finds that Rapid Rack abandoned its mark, as there can be no infringement of a non-existent trademark, and an abandoned trademark cannot form the basis of an unfair competition claim. The declaratory judgment action is no more than Rapid Rack's attempt to re-cast this cancellation proceeding as a year-late declaratory judgment action in a forum of Rapid Rack's selection, which directly contravenes the well-established rule that a plaintiff may choose the forum in which it litigates.

c. The District Court has not yet had an opportunity to consider whether to stay the federal action.

Rapid Rack served its eleventh-hour complaint on September 25, 2008. The deadline to answer or otherwise respond to that Complaint has not yet expired. Accordingly, the defendants in that action have not yet had an opportunity to test the sufficiency of the federal complaint or to bring to the attention of the District Court the compelling reasons for staying the federal action while the present cancellation proceeds. The Board should at least defer ruling on the Motion to Suspend this prior pending action until after the District Court determines whether to dismiss all or part of the federal action and/or whether to proceed with it if it survives dismissal.

- iv. ***Rapid Rack's Motion is merely an attempt to avoid sanctions and summary judgment.***
- a. ***Although Rapid Rack attempted to obscure the evidence, its written discovery responses demonstrate that it abandoned the RHINO RACK Mark.***

After requesting numerous extensions of time and requesting two stipulated suspensions of the present cancellation, Rapid Rack finally served its putative responses to written discovery on June 24, 2008 (more than seven months after the requests were served). Rapid Rack's responses consisted mostly of verbal gymnastics by which Rapid Rack sought to avoid answering questions directly and to cover-up its lack of any evidence of use during the relevant time period.

For example, Requests for Admissions 4, 9, 14, 19, 24, 29, and 34 sought admissions that Rapid Rack cannot produce a specimen of use of Registrant's Mark in commerce in each year between 2000 and 2006. In fact, Rapid Rack did not produce any such specimens of use in response to requests for production of documents specifically requesting such specimens of use. However, rather than make the admissions required by Rule 36 of the Federal Rules of Civil Procedure, Rapid Rack answered each such request by stating, "[D]espite a reasonable inquiry, the information known or readily obtainable by Registrant is insufficient to enable [Rapid Rack] to admit or deny the statement and [Rapid Rack] therefore denies the same." If a reasonable inquiry did not result in Rapid Rack locating such a specimen of use, then the correct response to each such request is "Admitted."

Rapid Rack also tried to create the appearance of use in commerce during the relevant time period by providing interrogatory responses that were flatly contradicted by Rapid Rack's own evidence. For example, in response to Interrogatory No. 1, Rapid Rack listed a series of products that supposedly were distributed in connection with the RHINO RACK Mark, but its

Rule 30(b)(6) designee did not identify the majority of these products as being distributed in connection with the RHINO RACK Mark. With respect to Interrogatories Nos. 6-13, which sought the channels of distribution in which Rapid Rack distributed each of the products identified in response to Interrogatory No. 1 and representative outlets through which Rapid Rack sold such products, Rapid Rack provided limited information for only three products: RR4805; GRL-100; and GRL-110. The first product was discontinued in 2002, and Rapid Rack's Rule 30(b)(6) designee had no knowledge of the third product ever being distributed in connection with the Mark. With respect to the second product, Rapid Rack's Rule 30(b)(6) designee had no knowledge of GRL-100 being distributed in connection with the RHINO RACK Mark at any time prior to 2007. Rapid Rack was also unable to provide any information related to supposed use of the RHINO RACK Mark in advertising of any kind between 2000 and 2007 in response to Interrogatories Nos. 15-22. In an attempt to avoid the logical conclusion that it had abandoned the RHINO RACK Mark, Rapid Rack stated in its responses to Interrogatories Nos. 6-13 and 15-22 that there *may* be other evidence that *might have been* destroyed or rendered inaccessible.

In a similar vein, Rapid Rack has produced nearly 600 pieces of paper that do not support its blanket assertion that it used the RHINO RACK Mark during the relevant time period. The first 504 pages are invoices, mostly for Item No. RR4805 (identified in those invoices as the "RINO RACK"), none of which actually show use of the Mark. At best, these invoices demonstrate that sales of RR4805 stopped completely in 2002, with the exception of one isolated sale to a Caribbean and Central American price club and two isolated sales to Rapid Rack employees. There are no invoices for Item Nos. GRL-100 and GRL-110. The remainder of the document production consists mostly of pictures of boxes, computer screen

print-offs, or order forms for package inserts that either substantially pre-date or substantially post-date the relevant time period during which Rapid Rack abandoned its RHINO RACK Mark. Rapid Rack's document production contains no specimens of use from, and no other evidence of use during, the relevant time period. Notwithstanding these gaping holes in its document production, Rapid Rack stated in response to almost every request for production of documents that it had produced "relevant, non-privileged documents, if any, responsive to [the] request [at issue]."

As a result of these and numerous other attempts by Rapid Rack to obscure the evidence, Petitioner's counsel sent a detailed letter on July 11, 2008 requesting that Rapid Rack provide proper responses to correct its numerous discovery violations. Rapid Rack never provided any substantive response to that letter until October 7, 2008, when it filed a response in opposition to Petitioner's First Motion for Sanctions. It is plainly apparent that Rapid Rack was hoping to avoid having to file any response at all, inasmuch as it moved to extend—indeinitely—the time for it to respond to the First Motion for Sanctions, based solely on the fact that it had decided to file another lawsuit in California.

b. Although Rapid Rack failed to appear and testify with respect to a large number of 30(b)(6) deposition topics, its designee nonetheless provided strong evidence of abandonment of the RHINO RACK Mark.

It appears that Rapid Rack's eleventh-hour filings were also intended to impede Petitioner's ability to take the Rule 30(b)(6) deposition of Rapid Rack. Rapid Rack waited until after the deposition had already commenced before informing Petitioner's counsel that it would not produce a designee for all of the topics in the 30(b)(6) deposition notice. This failure to appear and testify resulted in the filing of Petitioner's Second Motion for Sanctions.

Significantly, however, the designee who was present, Randy Taylor, testified that he only had knowledge of the RHINO RACK Mark being used in 2007 and 2008, and then only in connection with two products sold by Rapid Rack, namely item nos. GRL 100 and GRL 3012. He thought that the Mark *possibly* may have been used on item no. RR4805 between 1998 and 2003, but had no knowledge of any use of the Mark for 2004, 2005, and 2006. With respect to RR4805, he testified that the only basis for his belief that RR4805 used the RHINO RACK Mark between 1998 and 2003 was his review of certain screenshots from the company's computer sales system. These screenshots were presented as exhibits during the deposition, but only show that an item no. RR4805 was sold in certain quantities between 1998 and 2003 and that it was designated in the computer system as "RINO RACK." Mr. Taylor testified that between 1998 and 2008 he did not know whether RR4805 actually bore the RHINO RACK Mark, and he was unsure whether RR4805 bore a "RINO RACK" tagline instead of the RHINO RACK Mark. Indeed, according to Mr. Taylor, his belief that RR4805 used the RHINO RACK Mark was based solely on the existence of the "RR" designator and the "RINO RACK" label on the computer screenshot. Stated simply, Mr. Taylor testified that he was completely unaware of any non-speculative evidence of actual use of the RHINO RACK Mark in commerce by Rapid Rack for any time period prior to 2007. Mr. Taylor further testified that he was unaware of Rapid Rack advertising its products anywhere other than on Internet websites, and he was not aware of whether the websites owned by Rapid Rack contained the RHINO RACK Mark. This was despite the fact that Mr. Taylor and counsel for Rapid Rack stated that Mr. Taylor was being tendered to testify regarding the following topics listed in the Notice of Deposition:

6. [Rapid Rack]'s use of [the] Mark from January 1, 1998 to present[;]

7. [Rapid Rack]’s use of [the] Mark in commerce from January 1, 1998 to present[; and]

8. Whether [Rapid Rack] possesses a specimen of use which demonstrates use of [the M]ark in commerce in each calendar year from 1998 to present[; and]

9. The products in connection with which [Rapid Rack] uses or has used [the] Mark in commerce from January 1, 1998 to present.

17. [Rapid Rack]’s use of [the] Mark in advertising, including any such use in periodicals, journals, radio and/or television advertisements, and Internet websites from January 1, 1998 to the present.

v. It would be unfair and prejudicial to Petitioner to suspend the present cancellation based on Rapid Rack’s improper defense tactics.

The “do over” sought by Rapid Rack will result in a significant delay to arrive at the same point. For the United States District Court for the Central District of California, the median time interval from the filing of a complaint to disposition of a case ranges from 7.3 months (for cases disposed of before pre-trial) to 18.4 months (for cases that are tried). *See* Administrative Office of the United States Courts. *2007 Annual Report of the Director: Judicial Business of the United States Courts*, at Table C-5 (U.S. Government Printing Office 2008). At a minimum, the proceedings in the District Court likely would take longer than a full-blown trial on the merits in the present cancellation.

Given the state of the evidence, the significant efforts that Petitioner has already made to conduct discovery of Rapid Rack, and the significant cost to Petitioner of prosecuting this cancellation, a *post hoc* “do over” at this point would unfairly prejudice Petitioner. Rapid Rack’s desire to delay answering for its discovery failures and confronting the strong evidence of abandonment does not constitute good cause to suspend this action. Rather, the Board

should proceed to rule on the First and Second Motions for Sanctions. Further, in all other respects, this action—which has now been pending for a year and which has almost reached the testimony period—should move forward, as a ruling in favor of Petitioner would resolve all disputes between the parties concerning the abandonment of the RHINO RACK mark and Rapid Rack’s fraud on the United States Patent and Trademark Office.

LEGAL ARGUMENT

I. The Board has broad discretion to reject Rapid Rack’s attempt to procure a suspension of this cancellation, which is based solely on the “do over” litigation strategy that Rapid Rack hopes to employ.

The Board has broad discretion to deny Rapid Rack’s improper request for suspension. TBMP § 510.02(a) (“Suspension of a Board proceeding pending the final determination of another proceeding is *solely within the discretion of the Board.*”) (emphasis added). The Board should exercise that discretion to prevent Rapid Rack from refusing to answer for its rules violations in this proceeding and to prevent Rapid Rack from evading disposition of this cancellation proceeding to the prejudice of Petitioner.

Indeed, the Board has declined to allow a discretionary suspension to a respondent who sought to employ the very tactics which Rapid Rack now seeks to pursue. *See, e.g., Martin Beverage Co. v. Colita Beverage Corp.*, 169 U.S.P.Q. 568 (TTAB 1971). In *Martin Beverage Co.*, the respondent in a cancellation proceeding argued that it should not be sanctioned for discovery violations—including the willful failure to appear and testify at a discovery deposition—because respondent had initiated separate litigation and had sought to suspend the cancellation in order to avoid having to respond to discovery. The Board flatly rejected that argument:

[T]he argument that the Trademark Trial and Appeal Board automatically suspends proceedings when civil litigation is pending between the parties involved in an *inter partes* proceeding is manifestly incorrect. Suspension under such circumstances is granted only after both parties have been heard on the question and the Board has carefully reviewed the pleadings in the civil suit to determine if the outcome thereof will have a bearing on the question of the rights of the parties in the Patent Office proceeding. Manifestly, this does not constitute a policy of automatically suspending a Patent Office proceeding when civil litigation is pending between the parties. Furthermore, a proceeding before the Board may be suspended only by order of the Board and neither the parties nor their attorneys have the authority to hold a proceeding to be in suspension.

Id. at 570. In the same opinion, the Board granted petitioner's pending motion for judgment as a sanction for Respondent's willful refusal to appear and testify in accordance with the Board's directions. *Id.* at 570-71.

The present petitioner respectfully submits that the Board should follow the precedent established by the *Martin Beverage Co.* case in all respects. Namely, the Board should exercise its discretion to proceed with the present cancellation, which is already well underway, and the Board should enter judgment as a sanction for Rapid Rack's repeated failure to comply with its discovery obligations in the present cancellation (including the willful refusal to appear and testify as to multiple designated topics at a Rule 30(b)(6) discovery deposition).

II. The usual preconditions for suspension are not present here: Petitioner has not sought the suspension, and a ruling in favor of Petitioner in the present cancellation would obviate the need for any further litigation between the parties.

In the vast majority of cases, the *petitioner* seeks the suspension of proceedings before the Board because *petitioner* has filed separate federal litigation, but nonetheless seeks to preserve its right to proceed before the Board by filing before the deadline to file a Board

proceeding expires. *See, e.g., Other Telephone Co. v. Connecticut National Telephone Co.*, 181 U.S.P.Q. 861 (TTAB 1974), *petition denied*, 181 U.S.P.Q. 779 (Comm'r 1974) (granting *petitioner's* request for suspension of TTAB proceeding where petitioner filed a motion to suspend proceedings pending the outcome of a civil suit in federal district court filed by petitioner against respondent the previous day); *General Motors Corp. v. Cadillac Club Fashions Inc.*, 22 U.S.P.Q.2d 1933 (TTAB 1992) (granting *petitioner's* request for suspension of TTAB proceeding where petitioner brought a civil action in federal district court to cancel respondent's trademark registrations after initiating a cancellation proceeding before the TTAB); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 U.S.P.Q. 8095 (TTAB 1971) (granting *petitioner's* motion for suspension after the petitioner filed an action against the respondent in federal district court).

That is not the case here. In the present case, Petitioner seeks to proceed before the Board. Indeed, that is the only forum in which Petitioner could have brought its cancellation in the first instance: “[A] court can hear cancellation claims only if joined with some other independent grounds for declaratory judgment, but if the only claim for declaratory judgment is one that could be heard by the administrative tribunals of the Patent and Trademark Office, the court should defer to the administrative process as the U.S. Supreme Court has required.” THOMAS J. MCCARTHY, 6 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, AT § 32:54 (Thomson/Reuters West 2008) (citing *Public Service Comm’n v. Wycoff Co.* 344 U.S. 237 (1952)).

Further, Rapid Rack cannot permissibly bring a declaratory judgment action merely to circumvent a lawsuit that is already underway: “[W]here the defendant’s [lawsuit] . . . has begun, it serves no sensible end to permit a plaintiff to . . . start the proceedings for an

autonomous declaration that he has a good defense to his opponent's pending . . . action.” *American Auto. Ins. Co. v. Freundt*, 103 F.2d 613, 618 (7th Cir. 1939) (quoting Borchard, “Declaratory Judgments,” p. 109.), cited favorably in *Brillhart v. Excess Ins. Co.*, 316 U.S. 491, 494 (1942); *Wilton v. Seven Falls Co.*, 515 U.S. 277, 279-84 (1995).

Likewise, under the prevailing decisional authority from the Supreme Court of the United States, Rapid Rack cannot cause what is essentially the “removal” of the present cancellation to another forum by bringing a declaratory judgment action which merely asserts Rapid Rack’s belief that it has valid defenses to a cancellation action. *See Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 535 U.S. 826 (2002) (holding that a plaintiff cannot obtain federal jurisdiction over an action by seeking a declaratory judgment that it has not committed patent infringement merely because doing so would trigger a compulsory counterclaim for patent infringement); *Wycoff Co.*, 344 U.S. at 248 (“Respondent here has sought to ward off possible action of the petitioners by seeking a declaratory judgment to the effect that he will have a good defense when and if that cause of action is asserted. Where the complaint in an action for declaratory judgment seeks in essence to assert a defense to an impending or threatened state court action, it is the character of the threatened action, and not of the defense, which will determine whether there is federal-question jurisdiction in the District Court.”).

Moreover, a suspension pending disposition of another action is only appropriate if the parties in a case pending before the Board “are involved in a civil action which may have a bearing on the Board case.” TBMP § 510.02(a). The rationale for such a suspension is that, if there is a dueling action in federal district court, “the decision of the federal district court is

often binding upon the Board, while the decision of the Board is not binding upon the court.”
Id. These preconditions simply are not present here.

From a timing standpoint alone, Rapid Rack’s California lawsuit has no potential to impact the present cancellation. The present cancellation has been pending since October 2007. Unless the Board orders otherwise, then the discovery period is essentially concluded. Even assuming that summary judgment is not entered in favor of Petitioner (which is unlikely given that Rapid Rack has produced no evidence), the entire cancellation proceeding is scheduled to end on April 20, 2009, only six months from now. (*See* Docs. Nos. 7 and 8).

Similarly, with respect to substantive issues, the federal lawsuit will not affect the outcome of the present cancellation action. To the contrary, if the Board cancels the RHINO RACK Mark, then Rapid Rack will have no valid claims for infringement and unfair competition in the Federal action which it recently initiated.

III. The present cancellation is the prior pending action, and Rapid Rack’s after-the-fact filing of another lawsuit near the conclusion of this cancellation merely to avoid sanctions and summary judgment does not justify a suspension.

Even assuming, *arguendo*, that Rapid Rack has stated a valid declaratory judgment claim in its recently-filed federal lawsuit, the present cancellation is the prior pending action and should be heard first. The United States Supreme Court has made clear that an earlier-filed action has priority over a later-filed related action regarding the same subject matter. *Kerotest Mfg. Co. v. C-O-Two Fire Equipment Co.*, 342 U.S. 180 (1952).

In *Kerotest Mfg. Co.*, a patent owner first sued a distributor in an Illinois district court for patent infringement. Later, the manufacturer (of whom the distributor was a customer) brought a declaratory judgment action against the patent owner in a Delaware district court to test the validity of the same patents. Noting that the manufacturer had an equal start in the

race to the courthouse, the Supreme Court held that the Delaware action had to be stayed to allow the earlier-filed action in Illinois to proceed. *Id.* at 184; *see also, e.g., Veryfine Products, Inc. v. Phlo Corp.*, 124 F. Supp. 2d 16 (D. Mass. 2000) (the “first-to-file” rule, in effect, allows the winner of a race to the courthouse to select the forum in which the contest will be decided); *American Tel. & Tel. Co. v. MCI Communications Corp.*, 736 F.Supp. 1294 (D.N.J. 1990) (if related proceedings are pending in two districts, the proceeding filed first takes precedence); *American Horse Protection Asso. v. Lyng*, 690 F. Supp. 40 (D.D.C. 1988) (the court entered an injunction restraining the defendant from participating in litigation it had initiated in another district court because the second litigation amounted to forum shopping); *Republic Telecom Corp. v. Telemetrics Communications, Inc.*, 634 F. Supp. 767 (D. Minn. 1986) (where a federal action in one district involves a claim that should be a compulsory counterclaim in another federal suit already pending in another district, the court should stay its own proceedings or dismiss the claim).

Here, the cancellation action is the prior pending action by far. The present cancellation has been pending now for a year; the discovery period is essentially over; and this cancellation has proceeded to the point where the Board should enter judgment in favor of Petitioner as a sanction for Rapid Rack’s discovery-related misconduct and/or because there are no genuine issues of material fact and Petitioner is entitled to judgment as a matter of law. Rapid Rack is not entitled to a suspension of the present cancellation merely because it has chosen to seek a “do over” in another forum.

IV. **It is the well-established policy of the Board that an *inter partes* proceeding will not be suspended where a party files a civil action merely to avoid an adverse ruling by the Board, as Rapid Rack has done here.**

“[I]t is the policy of the Board, when presented with a motion to suspend, to determine any outstanding motions which may be dispositive of the case prior to consideration of the question of suspension.” *Allegro High Fidelity, Inc. v. Zenith Radio Corporation*, 197 U.S.P.Q. 550 (TTAB 1977); *see also, e.g.*, TBMP § 510.02(a) (“If there is pending, at the time when the question of suspension of proceedings before the Board is raised, a motion which is potentially dispositive of the case, the potentially dispositive motion may be decided before the question of suspension is considered.”) “The purpose of this rule is **to prevent a party served with a potentially dispositive motion from escaping the motion by filing a civil action and then moving to suspend before the Board has decided the potentially dispositive motion.**” TBMP § 510.02(a) (emphasis added). Rapid Rack’s Motion to Suspend seeks the very “get out of jail free card” that this policy seeks to prevent.

As of the date of this filing, there are already two potentially dispositive motions pending before the Board—namely, the First and Second Motions for Sanctions—which seek, *inter alia*, judgment as a sanction for Rapid Rack’s continuing failure to abide by the Board’s discovery rules. Further, given that Rapid Rack has been unable to produce any evidence that it used the RHINO RACK Mark during the relevant time period, a third dispositive motion—a motion for summary judgment—will be pending before the end of this week. It would be inconsistent with the policy set forth in TBMP § 510.02(a) to allow a suspension that rewards Rapid Rack’s obstructionist tactics and ignores the present state of the evidence. Rather, consistent with the Board’s decisions in *Allegro High Fidelity, Inc.* and *Martin Beverage Co.*, the Board should deny the Motion to Suspend and should enter judgment in favor of Petitioner.

CONCLUSION

Motions to suspend filed on the eve of adjudication are strongly disfavored. *See Boyds Collection Ltd. v. Herrington & Co.*, 65 U.S.P.Q.2d 2017 (TTAB 2003) (petitioner's motion to suspend filed after trial denied as untimely); *E.I. du Pont de Nemours & Co. v. G.C. Murphy Co.*, 199 USPQ 807, 808 n.3 (TTAB 1978) (motion to suspend filed after testimony and briefing periods denied as untimely); *Ortho Pharmaceutical Corp. v. Hudson Pharmaceutical Corp.*, 178 U.S.P.Q. 429 (TTAB 1973) (same). A motion to suspend is not an appropriate mechanism for avoiding discovery obligations (and sanctions), and it is not a proper tactic for avoiding summary judgment. *See, e.g., Beverage Co. v. Colita Beverage Corp.*, 169 U.S.P.Q. 568 (TTAB 1971) (discovery obligations); *Allegro High Fidelity, Inc. v. Zenith Radio Corporation*, 197 U.S.P.Q. 550 (TTAB 1977) (dispositive motion). But those are precisely the reasons why Rapid Rack seeks a suspension of the present cancellation action, which significantly predates Rapid Rack's attempt to obtain a lengthy and expensive do-over in another forum. Petitioner has chosen to bring its cancellation action before the Board—the proper forum in which it should be heard, and Petitioner should not be prejudiced by being denied the proper forum. Accordingly, Petitioner respectfully requests that the Board exercise its discretion to reject Rapid Rack's improper efforts to avoid sanctions for its misconduct and adjudication based on the evidence presented, and deny Rapid Rack's Motion to Suspend.

Respectfully submitted, this 14th day of October, 2008.

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CERTIFICATE OF SERVICE

I hereby certify that on this day a true and correct copy of the foregoing document has been served this day by depositing a true copy thereof in a depository under the exclusive care and custody of the United States Postal Service in a first class postage prepaid envelope and properly addressed as follows:

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This, the 14th day of October, 2008.

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